



PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU SEEKS COMMENT ON UPDATING LINE COUNTS AND OTHER LIMITED INFORMATION USED IN CALCULATING HIGH-COST UNIVERSAL SERVICE SUPPORT FOR NON-RURAL CARRIERS

PLEADING CYCLE ESTABLISHED

CC Docket No. 96-45

Release Date: January 7, 2003

Comment Date: 20 days from publication in the Federal Register

Reply Comment Date: 30 days from publication in the Federal Register

Today, the Wireline Competition Bureau (Bureau) released an order adopting certain modifications to the forward-looking cost model for determining high-cost support for non-rural carriers.¹ In particular, the Bureau incorporated specific technical improvements and translated a portion of the model from Turbo-Pascal to Delphi computer language. In that order, the Bureau also deferred using this revised version of the model to determine support amounts until the effective date of a Commission order in the separate proceeding addressing the non-rural high-cost support methodology adopted in the *Ninth Report and Order*, which was remanded to the Commission by the United States Court of Appeals for the Tenth Circuit.² We now seek comment in this Public Notice on how line count and other discrete input values should be updated for purposes of determining support upon implementation of the revised version of the model.

On October 21, 1999, the Commission adopted two orders completing implementation plans for a new high-cost universal service support mechanism for non-rural carriers.³ The

¹ See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, DA 03-24 (Wireline Comp. Bur. rel. Jan. 7, 2003).

² *Federal-State Joint Board on Universal Service*, CC Docket 96-45, *Ninth Report and Order* and *Eighteenth Order on Reconsideration*, 14 FCC Rcd 20432 (1999) (*Ninth Report and Order*), reversed in part and remanded in part, *Qwest Corp. v. FCC*, 258 F.3d 1191 (10th Cir. 2001). See also *Federal-State Joint Board on Universal Service*, CC Docket 96-45, Recommended Decision, FCC 02J-2 (rel. Oct. 16, 2002).

³ See *id.*; *Federal-State Joint Board on Universal Service. Forward-Looking Mechanism for High Cost Support for Non-Rural LECs*, Tenth Report and Order, CC Docket Nos. 96-45, 97-160, 14 FCC Rcd 20156 (1999) (*Tenth Report and Order*), affirmed, *Qwest Corp. v. FCC*, 258 F.3d 1191 (10th Cir. 2001).

inechanism provides support based on the forward-looking economic cost of providing services eligible for support, as determined by the Commission's universal service cost model.⁴ The Commission also emphasized the importance of updating the inputs used in the cost model as technology and other conditions change.⁵ In the *2001 and 2002 Line Counts Update Orders*, the Bureau updated the cost model with year-end line counts and other discrete input values for purposes of estimating forward-looking costs and determining support for the years 2001 and 2002, respectively.⁶

Consistent with past precedent, we seek comment on using year-end 2001 line counts filed July 31, 2002, as input values for purposes of estimating average forward-looking costs and determining support for non-rural carriers upon implementation of the Commission decision on the Tenth Circuit remand.⁷ In addition, we seek comment on whether to continue to adjust high-cost support amounts each quarter using wire center line count data reported by carriers each quarter.⁸

When line counts were updated in the past, the Bureau also used information obtained from the *1999 Data Request* to allocate switched lines among the classes of switched service and to allocate special access lines to the appropriate wire centers.⁹ We seek comment on continuing this line count disaggregation methodology. We also seek comment on whether to apply the

⁴ In general, the forward-looking cost model estimates the cost of serving customers located within a given wire center's boundaries. In order to accomplish this task, the model must calculate switch size, the lengths, gauge, and number of copper and fiber cables, and the number of digital loop carrier remote terminals required. These factors, in turn, depend on input values, such as line counts that are used to determine how many customers a wire center serves.

⁵ See *Tenth Report and Order*, 14 FCC Rcd at 20170 ("We believe that the model, as used in the methodology we set out in the companion [order], is the best way to generate non-rural carriers' support amounts for the funding year beginning January 1, 2000. We also recognize, however, that the model must evolve as technology and other conditions change.").

⁶ See *Federal-State Joint Board on Universal Service*, CC Docket 96-45, Order, 16 FCC Rcd 22418, 22421, para. 6 (Com. Car. Bur. 2001) (*2002 Line Counts Update Order*), recon. pending; *Federal-State Joint Board on Universal Service*, CC Docket 96-45, Order, 15 FCC Rcd 23960 (Com. Car. Bur. 2000) (*2001 Line Counts Update Order*).

⁷ See *2002 Line Counts Update Order*, 16 FCC Rcd at 22420-21, paras. 7-8; *2001 Line Counts Update Order*, 15 FCC Rcd at 23964, paras. 9-10. Line counts are used for two general purposes in the high-cost support mechanism for non-rural carriers. First, line counts are used in the Commission's cost model to estimate the forward-looking costs of providing supported services for businesses and households in a geographic area. Second, line counts are used to calculate support based on those costs and target support to high-cost areas.

⁸ See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Twentieth Reconsideration Order, FCC 00-1126, para. 18 (rel. Apr. 7, 2000); *2002 Line Counts Update Order*, 16 FCC Rcd at 22421, para. 9; *2001 Line Counts Update Order*, 15 FCC Rcd at 23965, para. 11.

⁹ See *2002 Line Counts Update Order*, 16 FCC Rcd at 22422-23, paras. 13-14; *2001 Line Counts Update Order*, 15 FCC Rcd at 23966, paras. 14-16. *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Forward-looking Mechanism for High-Cost Support for Non-rural LECs*, CC Docket No. 97-160, Order, DA 99-1406 (Com. Car. Bur. rel. July 19, 1999) (*1999 Data Request*). The *1999 Data Request* required non-rural carriers to file year-end 1998 wire center line count data for total business lines, special lines, and single line business lines, measured as voice grade equivalent analog or digital lines.

method used in past decisions for matching line count data to wire centers used in the model for purposes of calculating support."

Finally, in the 2002 *Line Counts Update Order*, the Bureau also updated the model's input values with annually collected ARMIS data and traffic parameter data available from the National Exchange Carrier Association (NECA) to estimate investment in general support facilities (GSF) and switching costs." We seek comment on whether to update the tables in the model used to calculate GSF investment and switching costs using the same methodology employed in the 2002 *Line Counts Update Order*.¹²

Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415, 1.419, interested parties may file comments 20 days or fewer from publication in the Federal Register, and reply comments 30 days or fewer from publication in the Federal Register. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket *or* rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistrionix, Inc., will receive

¹⁰ *See 2002 Line Counts Update Order*, 16 FCC Rcd at 22423-24, para. 15; *2001 Line Counts Update Order*, 15 FCC Rcd at 23967, para. 17. When updating line counts, the wire centers reported by carriers in their quarterly line count filings are matched with wire centers found in the *1999 Data Request* and in the model's customer location data. In instances where Commission staff have been unable to match line counts in these three data sets, they were not used to estimate average costs but were still included in determining non-rural support amounts.

¹¹ *2002 Line Counts Update Order*, 16 FCC Rcd at 22424-25, paras. 16-17. GSF investment includes buildings, motor vehicles and general purpose computers.

¹² Specifically, in the ARMIS Actuals spreadsheet for each study area, staff updated the investments for the following accounts: plant specific operations expenses TPIS general support, TPIS – central office switching; TPIS – central office transmission, TPIS – information orig/term; and TPIS – cable & wire facilities. In addition, staff updated the dial equipment minutes (DEM) for local, intrastate, and interstate traffic, and local call attempts for intraLATA, interLATA – interstate; and interLATA – intrastate calls.

hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Marlene H. Dortch, Office of the Secretary, Federal Communications Commission.

Parties also must send three paper copies of their filing to Sheryl Todd, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 12th Street S.W., Room 5-B540, Washington, D.C. 20554. In addition, commenters must send diskette copies to the Commission's copy contractor, Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20054.

Pursuant to section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, this proceeding will be conducted as a permit-but-disclose proceeding in which *ex parte* communications are permitted subject to disclosure.

For further information, contact Katie King or Thomas Buckley, Telecommunications Access Policy Division. Wireline Competition Bureau at (202) 418-7400, TTY (202) 418-0484.